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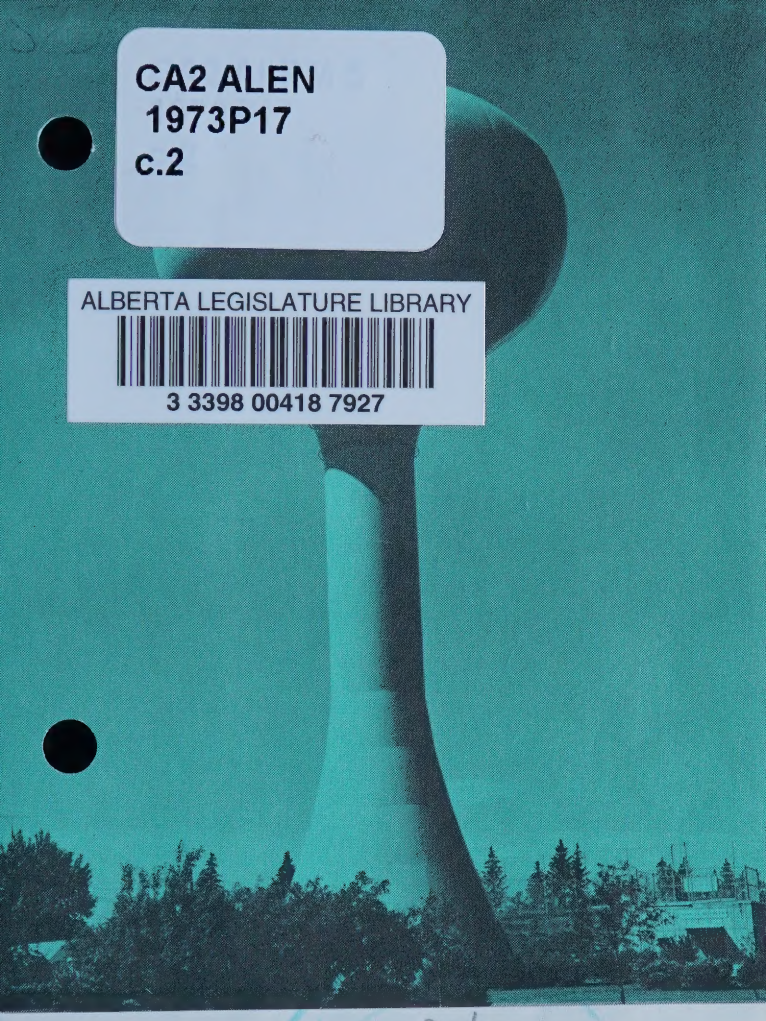

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THE ALBERTA MUNICIPAL WATERWORKS ASSISTANCE PROGRAM

Alberta
ENVIRONMENT

A supply of water is one of the essential utilities that must be provided by every community. Water of potable quality and adequate quantity is necessary to service domestic, industrial, commercial and fire requirements, to maintain a desirable standard of living, and to keep municipalities viable.

Because of circumstance of location or physical characteristics of terrain, the providing of a proper waterworks utility can sometime impose a heavy financial burden on some municipalities in comparison with others, thus creating inequities in the tax structure and utility charges. Such can materially affect the viability of a given municipality with respect to other municipalities.

Any waterworks system has five basic components:

1. A source of water
2. Water treatment
3. Water transmission lines
4. Water storage reservoirs
5. A water distribution system

Normally, the distribution system consisting of the actual distribution mains, laterals, internal valves, fire hydrants, and other pertinencies used for distributing the water to the users has a fairly common or equal per unit cost. Consequently this cost on a per capita basis is normally relatively consistent, within reasonable limitations, as between one community and another, and is therefore not a major consideration in the creation of inequities.

Inequalities do exist, however, in the other four areas of a waterworks system.

The government of the province of Alberta is committed to a program of balanced growth throughout the province. Inequalities arising from a heavy tax burden incurred by some municipalities through the provision of a waterworks system can be a deterrent to the effective implementation of the balanced growth concept.

construction of water supply facilities for specific centres in the province that are assuming a growing role as Agricultural Service Centres. The program is specifically orientated to facilitate the growth and development of such centres.

Under the terms of the agreement, Canada will be responsible for the construction of the projects and the initial financing of the costs. Such financing shall be in the form of a 50% grant to Alberta and 50% loan to be repaid by Alberta to Canada over a period not to exceed 20 years, at an interest rate to be determined from time to time by the Minister of Finance of Canada.

In order to ensure consistency and equity over the entire program, and to prevent preferential treatment to those communities which may or may not be identified as an Agricultural Service Centre, the terms and conditions applicable to the Alberta Government Waterworks Assistance Program will be equally applicable to the Agricultural Service Centres Program. Stated more positively, the government of Alberta will only sanction agreements under the federal government Agricultural Service Centres Program which carry terms and conditions of assistance equal and comparable to the Alberta Government Waterworks Assistance Program.

The amount of $6,000,000 has been budgeted by the government of Canada to be applied to the Agricultural Service Centres Program, $3,000,000 of which will be in the form of grants and $3,000,000 of which shall be in the form of loans guaranteed by the province of Alberta.

In this way the Agricultural Service Centres Program will complement the Alberta Government Waterworks Program so that all communities in Alberta will be afforded the opportunity to participate on an equitable basis.

A total of 71 communities in Alberta are expected to participate during the next five years in either the Alberta Government Waterworks Program or the federal-provincial Agricultural Service Centres program.

Every municipality should be expected to bear a reasonable minimum capital cost, without assistance, for the provision of a waterworks system.

At the same time there is a maximum waterworks capital cost, which if exceeded might impose adverse effects on the economic viability of the community because of such factors as location, trends in population growth, and the degree of potential for economic development.

The Alberta Municipal Waterworks Assistance Program

The Alberta Municipal Waterworks Assistance Program will provide financial assistance for the extension or construction of waterworks systems such as to foster a greater degree of tax burden equity among communities, while at the same time encouraging communities not to incur tax burdens for water utilities in excess of their reasonable economic ability. The Alberta Municipal Waterworks Assistance Program will consist of three segments.

1. The Alberta Government Waterworks Assistance Program
2. The Government of Canada Agricultural Service Centres Assistance Program which shall be incorporated to complement the Alberta Program.
3. The Alberta Government Water Supply Source Development Program to be applied to small communities, the economic viability of which does not permit expending the degree of capital costs necessary for the construction of a conventional waterworks system.

Part 1 - The Alberta Government Waterworks Program

The Alberta Government Waterworks Program will provide financial assistance for the construction of

1. The supply of water (such as wells, small

dams, low lift pumping facilities, etc.)

2. Raw water reservoirs
3. Water treatment plants and water pump stations
4. Water transmission lines (i.e., up to but not including any portion of the distribution system)
5. Clear water storage reservoirs and water towers.

To be eligible for assistance toward the capital cost of constructing items covered under this program, the existing capital debenture debt for such items must equal or exceed $75 per capita. Any community with an existing per capita capital debt of less than this amount will be required to be financially responsible for that portion of the new work capital cost up to the equivalent of $75 per capita.

To those municipalities that have met this requirement, financial assistance will be provided by the government of Alberta to a maximum amount equivalent to an expenditure of $150 per capita. This assistance will be extended on the basis of a 50% grant and a 50% loan. The loan shall be repaid over a 20 year period at an interest rate of 7¾%, or such other rate of interest as is established by the federal government under the Agricultural Service Centres Program. Any amount of the capital cost that exceeds this provincial assistance will be the sole responsibility of the municipality.

The program shall have a five year duration from the year of its initiation and shall require a commitment of $6,000,000; $3,000,000 of which shall be in the form of grants, and $3,000,000 in the form of loans.

Part II - Agricultural Service Centres Program

The government of Canada has entered into a cooperative agreement with the province of Alberta for the undertaking of a five year financial assistance program in the

Part III - The Water Supply Source Development

In the case of small communities, where it is deemed to be beyond financial feasibility to provide a complete conventional waterworks system, the government of Alberta is prepared to offer a grant, not to exceed $2,500, toward the cost of constructing a centralized community water supply source, consisting of a well, pump, water tank, dugout, or such facilities that best suit the circumstances. Further, the government of Alberta shall accept the responsibility for the implementation and supervision of design and construction of such works, except where the works consist of a dugout constructed under the government of Canada, P.F.R.A. assistance program for the development and improvement of water supplies required for municipal purposes.

Those communities which take advantage of the government of Canada P.F.R.A. dugout assistance program will be eligible for a P.F.R.A. grant of up to $550. In such cases the Alberta Municipal Waterworks Assistance Program grant shall apply only to those costs in excess of the P.F.R.A. grant money.

In the case of hamlets, where the local municipal or county authority is responsible for the provision of a water supply to hamlets within its boundaries, a grant shall be made to the local municipal or county authority on behalf of the hamlet. Where hamlets are located in Improvement Districts, the local authority shall be the Department of Municipal Affairs.

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